



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 8/17/2001

GAIN Report #JA1542

## Japan

### Market Development Reports

#### Food Business Line

*Periodic Press Translations from ATO Tokyo*

**2001**

Approved by:

**David C. Miller, Director**

**ATO Tokyo**

Prepared by:

Karen Halliburton, Deputy Director

Akiko Matsuyoshi, Marketing Clerk

---

**Report Highlights:** A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: food sales of Japan Chain Stores Association member companies decline 1.7% in May; Japan Food Service Association member company sales decline 4.3% in May on same-store basis, while total store sales increase 2.3%; Japan's Agriculture Ministry (MAFF) criticizes Nippon Restaurant Enterprise's sales U.S. bento lunch boxes; and MAFF survey compares Tokyo food prices to other major world cities.

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Tokyo ATO [JA2], JA



# Food Business Line

Periodic Press Translations from ATO Tokyo

Vol I, Issue 16 June 22 - July 6, 2001

## Wholesale/Retail

- According to the *Japan Chain Stores Association*, total sales of member companies in May declined 4.9% on a same-store basis compared to the same month last year. Food sales declined by 1.7%. (a 6/26)
- According to the *Japan Department Store Association*, total sales of member companies in May declined 0.4% compared to the same month last year, while food sales fared better with an increase of 1.7%. (a 6/26)
- *Sunkus* will become the first convenience store chain to sell flowers starting June 26. They plan to purchase flowers directly from an auction company rather than via the wholesale market, which will reduce delivery time and costs. (a 6/26)
- On June 15, *JUSCO* became the first Japanese retailer to use a "5-A-Day" nutritional campaign [based on USDA's Food Guide Pyramid] promoting the consumption of at least five servings of fruits and vegetables a day to prevent cancer. (c 6/27)
- According to a survey conducted by the *Japan Economic Newspaper, First Retailing*, the parent company of the Uniqlo discount clothing store, was the fastest growing retailer in Japan in 2000. Discount stores, such as the 100 Yen shops, also did well in the ranking in terms of growth. In terms of total sales, the *Ito-Yokado* Group came in first. However, supermarkets in general continue to suffer from declining retail prices and increasing competition. (a 6/28)
- The first "Welcia" drugstore will open on June 27. The new chain is the product of a new coalition, led by leading supermarket retailer *JUSCO* and 11 other smaller drugstore companies, with the aim of competing with *Matsumoto Kiyoshi* drugstores. (a 6/28)
- Supermarkets, such as *Seiyu*, *Maruetsu*, and *Izumiya*, are starting to open smaller scale stores in urban metropolitan areas as a means of attracting large numbers of customers to convenient, yet lower investment locations. Stores less than 10,000 square meters are also easier to open under the Large-Scale Retail Store Law. (a 7/3)
- National supermarket retailer *Seiyu* plans to strengthen its food sales through store renovations, such as the recent renovation of its Narimasu store on June 9, and an expansion of the number of food products they carry. (c 7/4)
- Following its recent filing of bankruptcy, *Sogo* department store company announced plans on July 4 to cooperate with *Seibu* department store company over the next three years to implement the reform of its remaining stores. (a 7/5)

## Food Service

- According to the *Japan Food Service Association*, total sales of member companies in May declined 4.3% on a same-store basis compared to the same month last year. This is the 42<sup>nd</sup> consecutive month of decline. However, at the same time, total sales including new stores increased 2.3% in May compared to the same period last year. (a 6/26)
- *Nippon Restaurant Enterprise (NRE)* announced on June 28 that they will start selling frozen *bento* lunch boxes which are manufactured at their U.S. factory using U.S. organic ingredients.

- Japan's Agriculture Ministry criticized the move, stating that it is regrettable for a quasi-government company such as *NRE* to sell imported rice products while domestic rice producers are suffering. (a 6/29)
- In response to the recent criticism by Japan's Agriculture Ministry and the Liberal Democratic Party of *Nippon Restaurant Enterprise's* sales of imported U.S. *bento* lunch boxes in JR train stations, the Chairman of the *Japan Food Service Association* commented that the freedom of corporate activities should not be suppressed by the Japanese government nor the Diet representatives. (f 7/5)
  - *Morinaga Group* plans to open a food service subsidiary, *Angel Food Systems*, on July 1. The new company will take over the operations of 98 Restaurant Morinaga outlets. (a 6/27)
  - Following competitor *Skylark's* initiative, *Seiyo Food Systems* started a new on-line procurement system on June 27 to solicit bids from potential food suppliers. Their address is: <http://www.seiyofood.co.jp.syokuzai> (f 6/28)

### **Food Processing/New Products/Market Trends**

- On June 29, Japan's Agriculture Ministry announced the results of its retail food prices survey, revealing how expensive Tokyo food prices (index=100) are compared to other countries around the world, such as New York (78), London (66), Paris (59), Hamburg (52), and Geneva (84). (a 6/30)
- *Dole Japan's* "5-A-Day" Adventure" educational CD-ROM is selling well among Japanese elementary schools. Dole developed the "5-A-Day" program [based on USDA's Food Guide Pyramid] to improve the eating habits of Japanese children and prevent diseases. (c 6/25)
- *Kagoshima Airport Building* company, which manages the Kagoshima Airport Terminal, is to become the first domestic airport building management company to recycle all of its garbage into livestock feed. A new technology developed by the *Kirishima Kogen Brewery* will enable them to convert nine tons of garbage per month into livestock feed at a low cost. (a 6/27)
- On June 26, Japan's Agriculture Ministry (MAFF) announced a plan for reforming Japan's agricultural system in response to the increasing competition from imports. To make Japanese agriculture more competitive over the long-term, even after the recent temporary safeguard measures end, MAFF intends to support the purchase of more efficient electronic farm equipment, as well as the growing of upscale higher-value products and greater production efficiencies. (a 6/27)
- *Kokubu* and *Yukijirushi Access* wholesalers reached an agreement on July 3 to cooperate in the establishment of a new electronic information systems management company. (f 7/5)
- The market for baby leaf vegetables, which are rich in protein, carbohydrates and minerals, is expanding rapidly. Originally gaining attention through a famous California restaurant, baby leaf vegetables, such as rucola, are now grown by contract farmers in six areas of Japan, and *MVM Shoji* trading company based in Kobe imports 13 varieties of baby leaf seeds from the United States. (b 7/5)

**ATO/Cooperator/Competitor Activities/Trade Shows**

- On June 21, *Medical Support* announced that they will merge on October 1 with the Japan subsidiary of *Sodexo*, an institutional food service company established between *Mitsubishi Corporation* and French *Sodexo Corporation*. (c 6/25)
- The awards ceremony for the "9<sup>th</sup> Cooking Contest Using Canadian Food Ingredients" will be hosted by the Canadian Embassy and the *National Chef Association* on October 6 at the Canadian Embassy. (c 6/25)
- *Sony Plaza* will begin selling 12 types of new-to-market European mineral waters at its 46 stores nationwide starting July 1. (a 6/29)

**RRRRRRRR****Sources**

- |                                  |   |
|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal        |
| (c) The Japan Food Journal       | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News          | (f) The Food Industry News              |

DISCLAIMER - *Food Business Line* is derived from major Japanese news wires, mass distribution press, and food industry newspapers and magazines. Inclusion of an item in *Food Business Line* does not imply agreement by USDA or U.S. Embassy/Tokyo; nor does USDA or U.S. Embassy/Tokyo attest to the accuracy or completeness of the translation of the news item. ATO Tokyo cannot further translate or send source materials to users.